



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 11/9/2001

GAIN Report #TW1047

Taiwan

Product Brief

Sweet Corn

2001

Approved by:

Stan Cohen, ATO Director

American Institute in Taiwan

Prepared by:

Strategic Pathfinders Marketing Consultancy

Report Highlights:

In 2000, Taiwan's imports of sweet corn were valued at US\$ 27 million. The United States was the leading supplier with 89% the market followed by Hungary (6%) and Thailand (3%). Imported sweet corn accounts for about 20% of total domestic consumption. Although frozen corn is present in the market, canned corn is the market leader because of its relatively lower price and consistent taste.

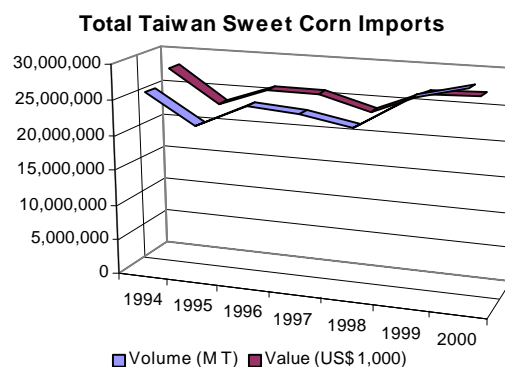
Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Taipei ATO [TW2], TW

Executive Summary

In 2000, Taiwan's imports of sweet corn were valued at US\$ 27 million. The United States was the leading supplier with 89% the market followed by Hungary (6%) and Thailand (3%). Imported sweet corn accounts for about 20% of total domestic consumption. Because of the downturn in Taiwan's economy over the last year and the strength of the U.S. dollar, importers have sourced more product from Hungary, Thailand and New Zealand than in past years.

Market Overview

Taiwan sweet corn imports from all sources in 2000 were valued at US\$27 million, recovering to the level of 1994. Imports represent roughly 20% of total domestic consumption. Domestic production of food corn has been flat at between 100,000 and 120,000 metric tons since 1990. Domestic corn production is concentrated in Yunlin county, which accounts for approximately 40% of the total domestic production.



| Advantages | Challenges |
|---|--|
| <p>I. High consumer awareness of U.S. canned corn and its uses.</p> <p>II. U.S. sweet corn currently dominates import market.</p> <p>III. More applications of sweet corn are being developed in ready-to-eat snacks and ready-to-cook frozen food areas.</p> | <p>IV. High tariffs result in relatively high prices for fresh/chilled and frozen sweet corn, creating a barrier for U.S. versus domestic products.</p> <p>V. Low price competitors such as Hungary, New Zealand, and Thailand are threatening the U.S. in the frozen and canned corn market.</p> <p>VI. A stagnant economic situation and a depreciating Taiwan currency against the U.S. dollar has lead importers and end-users to look for cheaper alternatives.</p> |

Market Sector Opportunities And Threats

Trade and Competition

In 2000, Taiwan imported 29,354 metric tons of sweet corn, worth US\$27 million. The U.S. had the largest market share (89%), followed by Hungary (6%) and Thailand (3%) in terms of value.

Taiwan Sweet Corn Imports in Volume (MT)

| | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
|-----------------|--------|--------|--------|--------|--------|--------|--------|
| US | 22,507 | 19,779 | 22,852 | 21,834 | 22,042 | 26,195 | 24,809 |
| World | 25,737 | 21,727 | 24,911 | 24,396 | 23,162 | 27,685 | 29,354 |
| US Market Share | 87% | 91% | 92% | 89% | 95% | 95% | 85% |

Taiwan Sweet Corn Imports in Value (US \$1,000)

| | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
|---------------|--------|--------|--------|--------|--------|--------|--------|
| US | 24,661 | 21,301 | 24,051 | 23,367 | 22,785 | 25,619 | 24,048 |
| World | 27,841 | 23,346 | 25,762 | 25,646 | 23,756 | 26,791 | 27,011 |
| US Mkt. Share | 89% | 91% | 93% | 91% | 96% | 96% | 89% |

Data Source: Directorate General of Customs, Ministry of Finance, R.O.C

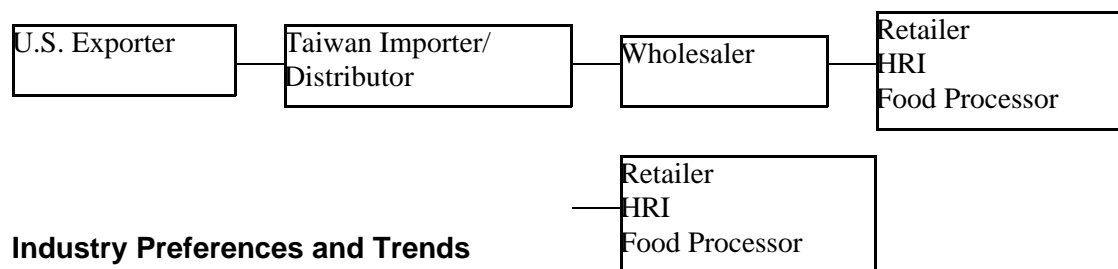
In terms of package type, 88% of sweet corn imports for 2000 came in canned and 12% in frozen formats. Less than 1% was in fresh/chilled or other formats. This is in part a result of consumer preference and also the higher tariff (35%) on fresh/chilled and otherwise preserved sweet corn compared to 17.5% on canned sweet corn and 25% on frozen corn. An overview of the sweet corn imports from the U.S. versus main competitor by subcategory is as follows:

| Sweet Corn Type | 2000 total import (Value- US\$) | Imports from US | Main competitor | Imports from competitor | US Share Of Market | Competitor SOM |
|-----------------|---------------------------------|-----------------|-----------------|-------------------------|--------------------|----------------|
| fresh/chilled | \$30,023 | \$0 | Thailand | \$27,102 | 0% | 90% |
| frozen | \$3,200,085 | \$1,097,918 | Hungary | \$1,566,835 | 34% | 49% |
| canned | \$23,766,049 | \$22,949,716 | Thailand | \$775,843 | 97% | 3% |
| other | \$15,134 | \$0 | Philippines | \$13,381 | 0% | 88% |

Data Source: Directorate General of Customs, Ministry of Finance, R.O.C

Product Usage and Distribution Channels

A small volume of domestic sweet corn is processed and packed in frozen packages available to consumers through retail stores. Some domestic sweet corn is sold to food processors to make corn chips and snacks. However, most of the domestic fresh corn is sold on the cob through retail stores and wet markets (uncooked), and street vendors and fast food operators (cooked). Chopped sweet corn on the cob is a popular ingredient for traditional "hot pot" meals in the winter. The sales of imported canned corn at retail to consumers and small mom and pop stores account for about 70% of the market. The food service sector accounts for the remaining 30%. For imported frozen corn the utilization ratio is about 40% retail and 60% food service. Large pallet-sized floor displays of canned corn are common in Taiwan supermarkets and are often a promotional item. This reflects the ubiquitous use of canned corn in soups and as an ingredient in both food service and consumer in-home use. Frozen whole kernel corn (mostly from New Zealand) is widely available in frozen mixed vegetable packages, which are repacked in Taiwan and sold through retail stores. However, consumer interest in single ingredient frozen corn packages is lower, because of the high price versus canned corn. In food service, frozen corn is widely used in hotels, pizza chains, high-end restaurants, major modern bakeries, and ice cream makers. Canned corn is mainly used in local breakfast chain stores, mid-to-low end restaurants, and food processing such as instant soup.



Industry Preferences and Trends

Due to Taiwan's weak economic situation and the depreciation of Taiwan's NT dollar against the

U.S. dollar, some corn importers have switched to cheaper sources in New Zealand, Hungary, and Thailand. In the frozen corn sub-category, imports from the U.S. are down by 46%. However, imports from New Zealand are up by 250% from January to May this year compared to the same period last year. For January to May of 2001, declines have also been noted in the canned corn sub-category with importers switching to Thai product (+309%) from U.S. (-15%).

Consumer Preferences and Trends

The category dynamics are driven by consumer use of sweet corn. Corn is a popular flavor and ingredient in Taiwan. Taiwan is reported to be the world's leading per capita consumer of soups (149 liters), much higher than second place Poland (92 liters) or third place Hong Kong (91liters). Cream corn soup is one of the leading types of soups consumed in Taiwan. For both food service and in-home consumption, the primary use is in corn soup. Usage of sweet corn in soup is reportedly followed by usage in corn-fried rice, corn used in salads, corn mixed with vegetables/meat/shrimp in hot dishes, and finally other miscellaneous ingredient uses.

Educated consumers, with mid-to-high household income, and high-end food service operators prefer frozen corn for its high quality. However, canned corn is by far the dominant package/product form for these previously mentioned uses since ready-to-eat canned corn provides a consistent taste with inexpensive preservation needs. Green Giant is the leading brand with more than 70% of the market share. The rest of the market is shared by brands including Bullhead, Taiwan Sugar, Evergreat, and Hunt's. The recent decline in sales of sweet corn starting at the end of 2000 is due to the downturn in Taiwan's economy and reduced consumer spending. It is reported that consumers have cut back on out-of-home eating, thus reducing food service sales. And at home consumers are using instant soups and instant noodles to reduce the weekly food budget.

Reportedly, attempts to expand the market of canned corn through new uses via innovative recipes did not meet with significant market success. However, new products introduced to the market like corn chips and snacks and frozen corn nuggets have gained some consumer awareness.

Costs And Prices

There are no quotas in effect for sweet corn imports. The following is a list of harmonized system codes and the respective import tariffs for imported dried fruits. The import tariff is levied on a CIF basis, ad valorem, unless otherwise indicated. Imports are subject to random inspection upon entry by Taiwan authorities.

| Tariff Item # | Description of Products | Rate of Duty (for US) | | |
|---------------|------------------------------|-----------------------|---------------|-----------|
| | | Current | WTO Accession | WTO Final |
| 07099020001 | Sweet corn, fresh or chilled | 35% | 25% | 20% |
| 07104000003 | Sweet corn, frozen | 25% | 20% | 20% |
| 20058010002 | Canned sweet corn | 17.5% | 13% | 13% |
| 20058090005 | Other sweet corn | 34% | 25% | 20% |

There are also several miscellaneous fees, as listed below:

| | |
|-------------------------|---------------------------------------|
| Harbor construction fee | 0.3% of CIF value (sea shipment only) |
| Trade promotion fee | 0.0425% of CIF value |

| | |
|------------------------------------|------------------------------------|
| Customs clearance fee per shipment | NT \$3,500 (Approximately US\$114) |
|------------------------------------|------------------------------------|

Market Access

Labeling Requirements

According to Taiwan's Law Governing Food Sanitation, promulgated in 1975 and amended in 1998, pre-packed foods or food additives shall conspicuously indicate in Chinese and common symbols the following material facts on the container or packaging:

- Product name
- Name, weight, volume or quantity of the content or, in the case of a mixture of two or more ingredients, each of the ingredients
- Name of food additive
- Name, telephone number, and address of the manufacturer and importer
- Expiry date (year, month, date) must be printed in that order. To distinguish the month from the date, the Chinese characters for "month" and "date" may be included on the label. Date of manufacture, shelf life, and conditions of storage may also be used if required by the authorities.
- For those products destined for repackaging/reprocessing in Taiwan, Chinese labeling may be affixed prior to sale.

Note that Taiwan's Chinese-language labeling requirements apply only to items intended for retail sale. An importer may be exempted from the labeling requirement items in bulk packaging intended for sale to food processors, HRI customers, etc. by applying for a waiver.

Inspection And Quarantine

The Bureau of Commodity Inspection & Quarantine (BSMI), Ministry of Economic Affairs inspects imported foods at the port of entry. The food safety inspection focuses on proper labeling, food hygiene, and food additives.

Key Contacts: Taiwan Importers of Sweet Corn

To obtain a list of Taiwan importers, please contact:

Agricultural Trade Office
AIT Taipei
54 Nanhai Road
Taipei, Taiwan
Tel: (886-2) 2305-4883 ext. 248
Fax: (886-2) 2305-7073
Email: ato@mail.ait.org.tw